

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Exec. Budget Fiscal 02-03
FTE	105.20	7.80	45.00	158.00	7.80	45.00	158.00	158.00
Personal Services	4,069,148	482,221	1,458,914	6,010,283	508,466	1,464,541	6,042,155	12,052,438
Operating Expenses	4,369,972	628,395	1,869,899	6,868,266	715,062	1,515,149	6,600,183	13,468,449
Equipment	41,767	15,000	0	56,767	49,830	0	91,597	148,364
Grants	374,771	265,229	491,290	1,131,290	265,229	49,018	689,018	1,820,308
Benefits & Claims	11,215	(8,935)	0	2,280	(8,935)	0	2,280	4,560
Debt Service	7,093	(7,093)	0	0	(7,093)	0	0	0
Total Costs	\$8,873,966	\$1,374,817	\$3,820,103	\$14,068,886	\$1,522,559	\$3,028,708	\$13,425,233	\$27,494,119
General Fund	2,793,106	332,794	1,470,000	4,595,900	401,074	1,120,000	4,314,180	8,910,080
State/Other Special	82,946	114,651	2,500	200,097	114,651	2,500	200,097	400,194
Federal Special	5,997,914	927,372	2,347,603	9,272,889	1,006,834	1,906,208	8,910,956	18,183,845
Total Funds	\$8,873,966	\$1,374,817	\$3,820,103	\$14,068,886	\$1,522,559	\$3,028,708	\$13,425,233	\$27,494,119

Agency Description

The Department of Military Affairs, administered by the Adjutant General, oversees activities of the Air and Army National Guard, and Disaster and Emergency Services. The Montana Board of Veterans Affairs is administratively attached to the department. The department manages a joint federal-state program to maintain trained and equipped military organizations in readiness in the event of a state or national emergency. The department plans for and coordinates state responses in disaster and emergency situations. The Board of Veterans Affairs manages and cooperates with state and federal agencies in providing statewide services for discharged veterans and their families, and is responsible for the state's two veterans' cemeteries.

Supplemental Appropriation Description

The executive requests a \$18,251 supplemental appropriation of general fund for the Department of Military Affairs.

In fiscal 2001, there exists the potential for a change in personnel in the Adjutant General position subject to the wishes of the Governor. It is likely these costs will be amended during the course of deliberations on the regular supplemental appropriations bill.

LFD ISSUE

The legislature should consider this supplemental appropriation proposal in light of three issues:

- 1) The Adjutant General position is not an elected position, and therefore will have no personal staff replacements should the Adjutant General position see a change in personnel;
- 2) The expenditures should have been anticipated and accommodated within the department's operating plan, to avoid a supplemental appropriation;
- 3) An expenditure of this size represents less than 0.5 percent of the Department of Military Affairs' general fund budget for fiscal 2000, and could easily be absorbed by the department.

Agency Discussion

The Department of Military Affairs is funded predominantly with general fund and federal special revenue. The 2003 biennium budget requests sees most programs continuing current operations and contains issues the legislature has seen in previous biennia. Two major proposals requested in the 2003 biennium are:

- 1) Army National Guard Youth Challenge Program; and
- 2) Incentive Scholarship Program.

Both proposals contain a request for significant general fund. Other program increases/changes include:

- 1) Army National Guard funding requests related to new buildings opening during the biennium and paint projects at selected state armories;
- 2) Air National Guard funding request for additional contract security services;
- 3) Disaster and Emergency Services funding request to accommodate federal grant funding; and
- 4) Veterans' Affairs funding request to accommodate operation of the new veterans' cemetery in Miles City.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	Present Law Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Biennium Fiscal 00-01	Total Exec. Budget Fiscal 02-03
FTE	113.00	45.00	158.00	113.00	45.00	158.00	0.00	158.00
Personal Services	4,551,369	1,458,914	6,010,283	4,577,614	1,464,541	6,042,155	8,227,245	12,052,438
Operating Expenses	4,998,367	1,869,899	6,868,266	5,085,034	1,515,149	6,600,183	9,237,527	13,468,449
Equipment	56,767	0	56,767	91,597	0	91,597	56,767	148,364
Grants	640,000	491,290	1,131,290	640,000	49,018	689,018	856,615	1,820,308
Benefits & Claims	2,280	0	2,280	2,280	0	2,280	13,495	4,560
Debt Service	0	0	0	0	0	0	7,093	0
Total Costs	\$10,248,783	\$3,820,103	\$14,068,886	\$10,396,525	\$3,028,708	\$13,425,233	\$18,398,742	\$27,494,119
General Fund	3,125,900	1,470,000	4,595,900	3,194,180	1,120,000	4,314,180	5,747,977	8,910,080
State/Other Special	197,597	2,500	200,097	197,597	2,500	200,097	276,467	400,194
Federal Special	6,925,286	2,347,603	9,272,889	7,004,748	1,906,208	8,910,956	12,374,298	18,183,845
Total Funds	\$10,248,783	\$3,820,103	\$14,068,886	\$10,396,525	\$3,028,708	\$13,425,233	\$18,398,742	\$27,494,119

New Proposals

The table below summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals										
Program	FTE	-----Fiscal 2002-----				-----Fiscal 2003-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 28 - Distance Learning										
12	0.00	0	2,500	0	2,500	0.00	0	2,500	0	2,500
DP 103 - Operations Support Compliance Specialist										
01	1.00	0	0	36,548	36,548	1.00	0	0	37,153	37,153
DP 201 - Challenge Program										
02	43.00	1,120,000	0	1,680,000	2,800,000	43.00	1,120,000	0	1,680,000	2,800,000
DP 301 - National Guard Incentive Scholarship										
03	0.00	350,000	0	0	350,000	0.00	0	0	0	0
DP 2105 - DES Terrorism/Weapons of Mass Destruct										
21	1.00	0	0	631,055	631,055	1.00	0	0	189,055	189,055
Total	45.00	\$1,470,000	\$2,500	\$2,347,603	\$3,820,103	45.00	\$1,120,000	\$2,500	\$1,906,208	\$3,028,708

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Exec. Budget Fiscal 02-03
FTE	6.60	0.60	1.00	8.20	0.60	1.00	8.20	8.20
Personal Services	304,136	55,321	36,548	396,005	57,378	37,153	398,667	794,672
Operating Expenses	53,838	2,584	0	56,422	3,656	0	57,494	113,916
Benefits & Claims	2,280	0	0	2,280	0	0	2,280	4,560
Total Costs	\$360,254	\$57,905	\$36,548	\$454,707	\$61,034	\$37,153	\$458,441	\$913,148
General Fund	324,696	57,695	0	382,391	60,566	0	385,262	767,653
Federal Special	35,558	210	36,548	72,316	468	37,153	73,179	145,495
Total Funds	\$360,254	\$57,905	\$36,548	\$454,707	\$61,034	\$37,153	\$458,441	\$913,148

Program Description

The Operations Support Division provides departmental administration through the Office of the Adjutant General and department-wide support for accounting, fiscal management, personnel, labor relations, and purchasing and property management oversight. The program operates in accordance with Title 2, Chapter 15, part 12 and Title 10, MCA.

Funding

The division is primarily funded with general fund. The federal/state agreements between the Department of Military Affairs and the associated federal agencies have identified certain personal service costs of positions that provide support to federally funded activities as applicable for federal funding. During the base year, federal funds accounted for approximately 10 percent of the funding for the Operations Support Program.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				41,801					43,562
Vacancy Savings				(9,741)					(9,794)
Inflation/Deflation				(460)					(182)
Fixed Costs				3,470					4,264
Total Statewide Present Law Adjustments				\$35,070					\$37,850
DP 101 - Operations Support Administrative Officer									
0.60	23,261	0	0	23,261	0.60	23,610	0	0	23,610
DP 104 - Computer Cost Reduction									
0.00	(426)	0	0	(426)	0.00	(426)	0	0	(426)
Total Other Present Law Adjustments									
0.60	\$22,835	\$0	\$0	\$22,835	0.60	\$23,184	\$0	\$0	\$23,184
Grand Total All Present Law Adjustments				\$57,905					\$61,034

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget included in the executive present law. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items will be applied globally to all agencies. A description of each item is included in the "Agency Budget Analysis Roadmap" section that begins this volume. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 101 - Operations Support Administrative Officer - The executive requests increased personal services and related operating expense funding to add 0.6 FTE to the division to convert an existing administrative officer position from a temporary 0.4 FTE to its current actual of 1.0 FTE. This position would work with outside funding agencies to include the Federal Emergency Management Agency and National Guard Bureau, to help ensure compliance with federal and

state funding/accounting standards. The position would also assist managers with funding, budgeting, and accountability issues. The position would assume additional workload in the division created by implementation of the State Accounting, Budgeting, and Human Resources System, and increased federal disaster funding and related issues.

**LFD
COMMENT**

In fiscal 2000, the Operations Support Administrative Officer position was vacated, and the position was re-written and upgraded to create the Department of Military Affairs Deputy Director position, which retained management and oversight duties of the previous administrative officer and assumed additional senior-level management responsibilities within the department. Concurrently, a 0.4 FTE Administrative Officer position was created, which carried administrative and fiscal duties from the previous administrative officer position. The effective result is the full funding of the newly created Deputy Director position, and a request to expand the capabilities of the replacement administrative officer position.

DP 104 - Computer Cost Reduction - The executive proposes adjusting personal computer funding between the base year and requested years, to fund the division in accordance with their four-year replacement plan. This proposal would fund the division at a level to replace two computers each year of the biennium.

New Proposals										
Prgm	FTE	-----Fiscal 2002-----				-----Fiscal 2003-----				Total Funds
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	
DP 103 - Operations Support Compliance Specialist 01	1.00	0	0	36,548	36,548	1.00	0	0	37,153	37,153
Total	1.00	\$0	\$0	\$36,548	\$36,548	1.00	\$0	\$0	\$37,153	\$37,153

New Proposals

DP 103 - Operations Support Compliance Specialist - The executive requests increased federal authority to convert a modified 1.0 FTE Operations Support Compliance Specialist position to permanent. The Compliance Specialist would oversee the operation of the Obligation Tracking System (OTS). OTS is to be implemented in fiscal 2001 and will be used by the department to track federal budgets, expenditures, and reimbursements. This position would be responsible for database maintenance, system integrity, and system-related processes within the division.

**LFD
ISSUE**

At the time of this analysis, OTS was not completely implemented and lacked necessary changes to completely integrate within the department. Therefore, the future of the system and related FTE are of concern. The legislature may wish to ask the department for an update on OTS implementation. If the legislature wishes to appropriate the authority for the position only to be used for OTS, then they should insert language eliminating the FTE if the system is not fully implemented; or cancelled.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Exec. Budget Fiscal 02-03
FTE	0.00	0.00	43.00	43.00	0.00	43.00	43.00	43.00
Personal Services	0	0	1,382,601	1,382,601	0	1,387,351	1,387,351	2,769,952
Operating Expenses	0	0	1,417,399	1,417,399	0	1,412,649	1,412,649	2,830,048
Total Costs	\$0	\$0	\$2,800,000	\$2,800,000	\$0	\$2,800,000	\$2,800,000	\$5,600,000
General Fund	0	0	1,120,000	1,120,000	0	1,120,000	1,120,000	2,240,000
Federal Special	0	0	1,680,000	1,680,000	0	1,680,000	1,680,000	3,360,000
Total Funds	\$0	\$0	\$2,800,000	\$2,800,000	\$0	\$2,800,000	\$2,800,000	\$5,600,000

Program Description

The Montana National Guard Youth Challenge is a program for youth ages 16 to 18 who have stopped attending secondary school before graduating. The program accepts youth to voluntarily participate in a five-month residential program, living and training in a military environment, and provides a one-year post-residential mentoring component. The program focuses on developing discipline and responsibility to improve life skills and employment potential. The program is designed in large part to allow the target youth to obtain their high school general equivalency diploma (GED).

Funding

The program is funded with general fund and federal special revenue at a 60/40 federal to state funding ratio. The federal-level National Guard Bureau established the program at an original split of 75/25 federal/state match in 1998, with the state percentage to increase by 5 percent each year until fiscal year 2002, at which time the state match becomes 40 percent. The state match percentage remains the same during each subsequent fiscal year.

New Proposals										
Prgm	FTE	-----Fiscal 2002-----				-----Fiscal 2003-----				Total Funds
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	
DP 201 - Challenge Program										
02	43.00	1,120,000	0	1,680,000	2,800,000	43.00	1,120,000	0	1,680,000	2,800,000
Total	43.00	\$1,120,000	\$0	\$1,680,000	\$2,800,000	43.00	\$1,120,000	\$0	\$1,680,000	\$2,800,000

New Proposals

DP 201 - Challenge Program - The executive proposes to continue the program at the currently established level of two classes per year, with a target of 100 youth participating in each class.

LFD COMMENT

The Montana Youth Challenge was established by the Fifty-sixth Legislature as a residential program co-located on the campus of Western Montana College in Dillon. The program gains its direction from a Cooperative Agreement between the Governor and the National Guard Bureau. Under the Cooperative Agreement, the Governor, through the MT National Guard, establishes, organizes, and administers the Challenge program. Each state is to determine the number of participants it will target for enrollment and graduation from its program based on available facilities and individual state need. In turn, the National Guard Bureau provides the pre-determined level of funding, but will not provide funding for a program with a target enrollment less than 100 graduates per class. MT Youth Challenge's target graduation number is 100 students per class, or 200 per year. The Youth Challenge targets unemployed or under-employed youth who are drug free and uninvolved with the legal system, and employs the following core components: 1) leadership and followership; 2) community service; 3) job skills; 4) academic achievement; 5) responsible citizenship; 6) life coping skills; 7) health and nutrition; and 8) physical fitness.

**LFD COMMENT
(Continued)**

The National Guard Bureau funds the state programs at a level equating to \$14,000 per student. Therefore, Montana's full level of expenditures is projected at \$2.8 million per year, with the state match (40 percent) equal to \$1.12 million. In relation to other state-funded programs for youth, the \$14,000 per student standard compares to:

- 3) \$9,125 for one year of foster care for an individual,
- 4) \$31,000 for a student in the Aspen Youth Alternative program, or
- 5) the Jobs for Montana Graduates program's projected cost per student of \$793.

The 1999 legislature designated \$1.6 million general fund and \$3.78 million federal special revenue as one-time-only for the 2001 biennium. The National Guard Bureau standard staffing level is 40 FTE, with 58 percent of funding nationally expended on personal services. The Montana Youth Challenge currently operates with 43 FTE and with 54 percent of the budget spent on personal services.

The Youth Challenge is required to maintain and report statistics to the National Guard Bureau for comparison nationwide. The first class of the Montana Youth Challenge graduated 43 youth in January of 2000, and the second class graduated 91 youth in July of 2000. Table 1 provides federally mandated program statistics and a comparison to national program averages.

Table 1
Montana Youth Challenge
Comparison to National Program Averages

	Current National Avg	Jan 2000, 1st Class	July 2000, 2nd Class
Graduation Rate	86%	43%	91%
GED Success Rate	66%	68%	72%
Grade-level Equivalency Growth (Math)	170%	120%	240%
Grade-level Equivalency Growth (Reading)	140%	300%	180%
Mentors Matched at Graduation	83%	97%	91%
Active Mentor Matches	40%	63%	61%
Graduates Entering Work Force	20%	49%	36%
Graduates Enrolled in College	17%	2%	5%
Graduates Enlisted/Awaiting Military	12%	16%	23%
Graduates Enrolled in Continuing Ed.	5%	12%	8%
Graduates Enrolled in VOTECH Programs	7%	2%	1%

**LFD
COMMENT**

Per discussion with program coordinators at the National Guard Bureau, the Bureau will provide no support for programs with a target enrollment of less than 100 graduates per class. However, for programs with a minimum target enrollment of 100 graduates per class, they will pro-rate funding to programs striving to operate at a level of expenditure less than \$14,000 per student.

**LFD
COMMENT**

The fiscal 2001 general fund appropriation for the Youth Challenge program was less than required by the National Guard Bureau. Subsequently, the Department of Labor and Industry, Job Service Division contributed \$200,000 to enable the Youth Challenge to meet its state match requirements.

**LFD
ISSUE**

The program was funded as one-time-only to enable the 2001 legislature to evaluate the program and address related policy issues. To date, the program has only two classes' worth of data with which to measure success. In light of these facts, the legislature may wish to consider the following policy issues:

- 1) Should the program be continued, either in its current state or another version?
- 2) If the program is continued, how much should the program cost per student? Should the state continue at the current standard of \$14,000 per student, or should the program be modified to operate at a cost per student below \$14,000?
- 3) This proposal requests the 40 percent state match to be 100 percent funded by the general fund. Should other funding sources be explored and used to supplement general fund for the state match portion of this request?

**LFD
ISSUE**

If the legislature wishes to continue the program, but still under evaluation, the program should be funded as one-time-only.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Exec. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	350,000	350,000	0	0	0	350,000
Total Costs	\$0	\$0	\$350,000	\$350,000	\$0	\$0	\$0	\$350,000
General Fund	0	0	350,000	350,000	0	0	0	350,000
Total Funds	\$0	\$0	\$350,000	\$350,000	\$0	\$0	\$0	\$350,000

Program Description

The Montana Guard Scholarship Program was established by the Fifty-sixth Legislature to assist in recruiting and retention efforts for the Montana Air and Army National Guard. The program provides scholarships of up to \$500 per semester to eligible Montana National Guard personnel enrolled as undergraduate students in colleges, universities, or training programs. Program goals are: 1) Assist Montana in increasing its assigned personnel strength in both the Army and Air National Guard; and 2) Enhance Army and Air National Guard operational readiness to assume both state and federal active duty missions.

Funding

This program is funded entirely with general fund, and was funded as a one-time-only appropriation by the 1999 legislature.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 301 - National Guard Incentive Scholarship 03	0.00	350,000	0	0	350,000	0.00	0	0	0	0
Total	0.00	\$350,000	\$0	\$0	\$350,000	0.00	\$0	\$0	\$0	\$0

New Proposals

DP 301 - National Guard Incentive Scholarship - The executive is requesting to continue the program at an increased level. This request is an increase of \$100,000 over the 2001 biennium appropriation. This funding would provide \$500 scholarships for 700 student-semesters, which is equivalent to 175 students attending two semesters in each of the two years of biennium. The department projects to award 325 \$500 scholarship awards for fiscal 2002 and 375 \$500 scholarship awards for fiscal 2003. The department requests this appropriation be made biennial to allow greatest flexibility for award of the scholarships.

LFD COMMENT

For the 1999-2000 academic year (fiscal 2000), 184 \$500 scholarships were awarded (92% of projected). Based on currently enrolled scholarship recipients, and projected new students, the department projects to award the remaining 316 scholarships by the end of fiscal 2001.

LFD COMMENT

Currently, the scholarships will only be awarded to students attending non-secular schools. Due to legal precedent set in other states, it has been determined that state funds cannot be given to students attending secular institutions. The National Guard plans to ask for a decision from the State Attorney General on the legality of providing a direct cash scholarship to students attending a secular institution.

**LFD
ISSUE**

During the 1999 legislative session, the Incentive Scholarship program was requested by the department, with goals of increasing voluntary membership and retention. At the time of this analysis, the department did not provide statistics or results showing the Scholarship Incentive program to have met these goals. The legislature may want to ask the agency for an update on the Incentive Scholarship program and any associated statistics.

Factors about this program the legislature may wish to consider are:

- 1) This program provides a direct cash payment to eligible personnel for the purpose of pursuing undergraduate education. This payment may be used at the discretion of the recipient, and does not have to be used for direct school-related expenses.
- 2) The program supplements existing Federal education benefits, namely the Montgomery G.I. Bill, which can provide approximately \$1,000 per semester to students.
- 3) No other group receives a set amount of money from the state for being enrolled as full-time undergraduate students in colleges, universities, or training programs.

The legislature may wish to consider the policy issue of whether the state should provide this direct cash payment educational benefit exclusively for Montana National Guard personnel, particularly in light of the lack of statistics supporting increased retention/recruitment rates.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Exec. Budget Fiscal 02-03
FTE	26.30	7.00	0.00	33.30	7.00	0.00	33.30	33.30
Personal Services	1,011,635	276,160	0	1,287,795	283,332	0	1,294,967	2,582,762
Operating Expenses	3,222,333	479,450	2,500	3,704,283	587,978	2,500	3,812,811	7,517,094
Equipment	41,767	15,000	0	56,767	32,500	0	74,267	131,034
Debt Service	7,093	(7,093)	0	0	(7,093)	0	0	0
Total Costs	\$4,282,828	\$763,517	\$2,500	\$5,048,845	\$896,717	\$2,500	\$5,182,045	\$10,230,890
General Fund	1,150,302	163,828	0	1,314,130	216,283	0	1,366,585	2,680,715
State/Other Special	3,138	22,862	2,500	28,500	22,862	2,500	28,500	57,000
Federal Special	3,129,388	576,827	0	3,706,215	657,572	0	3,786,960	7,493,175
Total Funds	\$4,282,828	\$763,517	\$2,500	\$5,048,845	\$896,717	\$2,500	\$5,182,045	\$10,230,890

Program Description

The Army National Guard provides a trained and equipped military organization for use in the event of a state or national emergency. This program supports the organization by: 1) providing professional and skilled personnel for the administration, planning, and execution of statewide repair and maintenance functions on facilities and training areas; 2) planning, programming, and contracting for construction; 3) ensuring all activities and facilities comply with environmental regulations; and 4) provide state-wide communication services, security contracts, and leases for buildings and land used by the Army National Guard.

Funding

The Army National Guard program is primarily funded with a combination of general fund and federal funds. Funding depends on how a facility is used and can be either funded:

- 1) entirely with state funds;
- 2) entirely with federal funds;
- 3) as a shared responsibility, with federal funds at 75 percent and general fund at 25 percent (service contract buildings).

When a facility is owned by the state and located on state land, the funding is 100 percent general fund. When a facility is state owned but located on federal land, the maintenance costs are funded 75 percent federal and 25 percent general fund, but utility costs are funded 100 percent by general fund. When a facility is classified as a logistics facility, the funding is 75 percent federal and 25 percent general fund for the entire facility. Federally owned facilities located on federal land and those that serve a training mission are predominantly funded 100 percent with federal funds, except when the building is used as an armory. Armories constructed with federal funds and located on federal land are funded 100 percent general fund for utilities and 75 percent federal and 25 percent general fund for maintenance costs. When armories are rented to groups, the state special revenue funds generated from rental fees are used to augment general fund support of the facilities.

The Montana Tradeport Authority in Billings will provide state special revenue in the amount of \$21,000 per year to support utility costs of the new Billings Armory during the first four years of operation.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				78,498					85,092
Vacancy Savings				(29,944)					(30,140)
Inflation/Deflation				74,650					62,517
Fixed Costs				35,731					16,871
Total Statewide Present Law Adjustments				\$158,935					\$134,340
DP 27 - Army Rent and Debt Service Adjustment									
0.00	(7,093)	0	3,458	(3,635)	0.00	(7,093)	0	4,436	(2,657)
DP 1201 - Army Facilities Operation									
7.00	42,327	21,000	460,384	523,711	7.00	102,779	21,000	551,697	675,476
DP 1202 - Scheduled Paint Projects at Armories									
0.00	140,700	0	0	140,700	0.00	140,700	0	0	140,700
DP 1203 - Army Computer Plan Reduction									
0.00	(4,671)	0	(31,673)	(36,344)	0.00	(4,671)	0	(26,621)	(31,292)
DP 1224 - Out of State Travel Reduction									
0.00	(2,323)	0	(17,527)	(19,850)	0.00	(2,323)	0	(17,527)	(19,850)
Total Other Present Law Adjustments									
7.00	\$168,940	\$21,000	\$414,642	\$604,582	7.00	\$229,392	\$21,000	\$511,985	\$762,377
Grand Total All Present Law Adjustments				\$763,517					\$896,717

Executive Present Law Adjustments

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DP 27 - Army Rent and Debt Service Adjustment - The executive requests an increase in federal special revenue authority for contractual rent increases for the Great Falls and Helena National Guard recruiting store front offices. This proposal also makes an adjustment to eliminate expenditures from debt service in the base year. The debt was retired during fiscal 2000, deleting the requirement in the fiscal 2003 biennium.

DP 1201 - Army Facilities Operation - The executive requests an increase in general fund and state and federal special revenue authority to add 7.0 FTE and increase operating expenses for Army National Guard facilities operation.

The division requests five Maintenance Division positions and two Contract and Construction Division employees. These positions would support maintenance and operation of facilities to include training buildings, training areas, firing ranges, storage buildings, and armories.

The operational portion of the proposal would provide funding of utility increases, repair and maintenance, janitorial services, and maintenance equipment.

- 1) Increased utility funding is requested for buildings that came on line part way through the 2001 biennium or that will come on line during the 2003 biennium.
- 2) Requested repair and maintenance projects will be funded 100 percent with federal funds, and performed on buildings supported with 100 percent federal funds. Projects to be funded include plumbing repairs, roof replacements, painting of federal buildings, and utility service repairs such as sewer improvements.
- 3) Janitorial services are required for buildings that came on line part way through the 2001 biennium or that will come on line during the 2003 biennium.
- 4) The department requests \$15,000 in fiscal 2002 and \$32,000 in fiscal 2003 to purchase used service vehicles for maintenance personnel, a boom truck, and a sanding truck.

**LFD
ISSUE**

Base year expenditures include \$36,300 for one-time purchases. Therefore, the equipment purchase appropriations should be reduced by this amount in each year of the biennium.

**LFD
ISSUE**

This proposal is for one-time equipment purchases. If the legislature wishes to appropriate funding only for these specific purchases, the appropriation should be made one-time-only.

DP 1202 - Scheduled Paint Projects at Armories - The executive requests a general fund increase to paint existing facilities. Currently, 16 armories are classified as requiring major exterior paint projects. This request programs two major paint projects per year, effecting an eight-year cycle for exterior painting. The average paint project cost is \$25,880 per armory, for a total of \$51,760 per year for the biennium. Currently, 24 armories are classified as requiring interior paint projects. This request programs two armories per year, effecting a 12-year cycle for interior painting. The average cost is \$44,470 per armory, for a total of \$88,940 per year for the biennium.

**LFD
ISSUE**

The legislature appropriated \$137,267 in one-time-only funding for each year of the 2001 biennium. The department is requesting funding for paint projects at approximately the same level of operation for the upcoming biennium. If the legislature wishes to appropriate a base level of funding for paint projects, this appropriation should be restricted to armory paint projects only.

DP 1203 - Army Computer Plan Reduction - The executive reduces computer replacement funding from the base year. This reduction would reduce program funding to meet computer replacement needs as supported by the department's four-year plan.

DP 1224 - Out of State Travel Reduction - The executive proposes to decrease out-of-state travel funding to an amount equal to a five-year average. Out-of-state travel in the base year reflected an increase over what was appropriated by the Fifty-sixth Legislature. The reduction would bring the program funding back to a five-year average.

New Proposals										
Prgm	FTE	-----Fiscal 2002-----				-----Fiscal 2003-----				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 28 - Distance Learning 12	0.00	0	2,500	0	2,500	0.00	0	2,500	0	2,500
Total	0.00	\$0	\$2,500	\$0	\$2,500	0.00	\$0	\$2,500	\$0	\$2,500

New Proposals

DP 28 - Distance Learning - The executive requests an increase in state special revenue authority related to the Montana National Guard's Distance Learning project. The executive proposes to implement shared usage of the Distance Learning network, and requests state spending authority of up to \$2,500 each year of the biennium to address the revenue generated by user charges.

**LFD
COMMENT**

The Montana National Guard's Distance Learning project is to be implemented in fiscal 2001, with funding provided via the Federal-State Master Cooperative Agreement. The planned network within Montana will provide day-to-day voice, video, and data support to the 23 Montana National Guard Armories located in: Libby, Kalispell, Missoula, Hamilton, Anaconda, Dillon, Butte, Helena, Great Falls, Havre, Chinook, Lewistown, Harlowton, Bozeman, Livingston, Billings, Glasgow, Malta, Glasgow, Miles City, Glendive, Sidney, and Culbertson. The Air National Guard Base located at Gore Hill will also be supported. Initial funding has been received from the federal-level National Guard Bureau, and all future operating costs of the program are projected to be federally funded. This proposal would implement shared usage by other customers.

Sharing the Distance Learning network would enable outside users to utilize the various communications capabilities afforded by the network at charges equal to those necessary to recapture data-line usage charges and equipment-refreshment charges.

**LFD
ISSUE**

This project has many unknowns, including actual usage and actual charges/costs. All proposed usage hours and reimbursements are preliminary. If the legislature wants to evaluate the success of the Distance Learning Project before permanent implementation of shared usage, it has two options:

- 1) Delay addressing/approving shared usage until the 2005 biennium, when the National Guard-only Distance Learning implementation and usage can be evaluated.
- 2) Approve this proposal as one-time-only, so the project can be reevaluated prior to permanent implementation.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Exec. Budget Fiscal 02-03
FTE	33.00	0.00	0.00	33.00	0.00	0.00	33.00	33.00
Personal Services	1,299,731	102,908	0	1,402,639	111,460	0	1,411,191	2,813,830
Operating Expenses	687,734	153,417	0	841,151	143,868	0	831,602	1,672,753
Total Costs	\$1,987,465	\$256,325	\$0	\$2,243,790	\$255,328	\$0	\$2,242,793	\$4,486,583
General Fund	196,218	6,183	0	202,401	13,473	0	209,691	412,092
Federal Special	1,791,247	250,142	0	2,041,389	241,855	0	2,033,102	4,074,491
Total Funds	\$1,987,465	\$256,325	\$0	\$2,243,790	\$255,328	\$0	\$2,242,793	\$4,486,583

Program Description

The Air National Guard program maintains a trained and equipped military organization for use in the event of state or national emergency. The program staff provides administrative, facilities maintenance, and fire protection support to the Air National Guard Base at Gore Hill near Great Falls. The Air National Guard program operates under both federal and state mandates in accordance with its dual missions to maintain a trained and ready military force and a state civil disaster response capability.

Funding

The Air Guard program is primarily funded with a 75 percent federal participation and a 25 percent general fund state match. Personal services costs for firefighters and security services are 100 percent federally funded.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				81,318					90,133
Vacancy Savings				(37,926)					(38,189)
Inflation/Deflation				38,228					32,674
Fixed Costs				7,762					3,767
Total Statewide Present Law Adjustments				\$89,382					\$88,385
DP 1301 - Fire Fighter Overtime and Holiday Pay									
0.00	0	0	59,516	59,516	0.00	0	0	59,516	59,516
DP 1302 - Security Contract Increase									
0.00	0	0	107,427	107,427	0.00	0	0	107,427	107,427
Total Other Present Law Adjustments									
0.00	\$0	\$0	\$166,943	\$166,943	0.00	\$0	\$0	\$166,943	\$166,943
Grand Total All Present Law Adjustments				\$256,325					\$255,328

Executive Present Law Adjustments

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DP 1301 - Fire Fighter Overtime and Holiday Pay - The executive requests an increase in federal special revenue for overtime and holiday pay for state fire-fighters in the Air National Guard. The contractual agreement requires these items to be paid when earned.

DP 1302 - Security Contract Increase - The executive requests an increase in federal special revenue for contracted security services for the Air National Guard facility in Great Falls. The increase would bring the total contract to \$245,000.

**LFD
COMMENT**

Air National Guard military security forces personnel have historically been used to supplement contract security personnel. Reductions in authorized security forces positions have reduced the Guard's ability to supplement the contract, and have led to the use of the full security contract allowance provided by the federal government.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Exec. Budget Fiscal 02-03
FTE	20.00	0.00	1.00	21.00	0.00	1.00	21.00	21.00
Personal Services	829,179	21,399	39,765	890,343	25,589	40,037	894,805	1,785,148
Operating Expenses	302,349	(117,463)	100,000	284,886	(117,463)	100,000	284,886	569,772
Equipment	0	0	0	0	17,330	0	17,330	17,330
Grants	374,771	265,229	491,290	1,131,290	265,229	49,018	689,018	1,820,308
Benefits & Claims	8,935	(8,935)	0	0	(8,935)	0	0	0
Total Costs	\$1,515,234	\$160,230	\$631,055	\$2,306,519	\$181,750	\$189,055	\$1,886,039	\$4,192,558
General Fund	454,972	56,981	0	511,953	71,755	0	526,727	1,038,680
State/Other Special	18,541	3,056	0	21,597	3,056	0	21,597	43,194
Federal Special	1,041,721	100,193	631,055	1,772,969	106,939	189,055	1,337,715	3,110,684
Total Funds	\$1,515,234	\$160,230	\$631,055	\$2,306,519	\$181,750	\$189,055	\$1,886,039	\$4,192,558

Program Description

The Disaster and Emergency Services Division: 1) works with local, state, and federal officials to prepare, update, and coordinate emergency preparedness, mitigation, response, and recovery plans, 2) provides technical assistance and coordination of the state's response to assist political subdivisions in times of emergencies, and 3) receives, records, and disburses federal funds to eligible political subdivisions. Political subdivisions must provide matching funds for all federal reimbursement programs except disaster recovery. The division is responsible for disaster-planning activities, responding quickly and effectively to disasters and emergencies, serving as a source of information and as a 24-hour contact point, and coordinating state assistance to local governments.

Funding

The Disaster Coordination Response Program is supported with general fund, state special revenue, and federal funds. The disaster coordination functions that provide support to communities and contribute to the overall mission of the division are usually funded on a 50/50 basis with general fund and federal funds. Disaster coordination functions focusing on specifically-identified hazards or functions are usually funded (100 percent) with federal funds. State special revenue is fee revenue from persons who attend division-sponsored workshops and conferences, and is used to support these functions.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				45,516					49,835
Vacancy Savings				(24,117)					(24,246)
Inflation/Deflation				(685)					(483)
Fixed Costs				1,641					(722)
Total Statewide Present Law Adjustments				\$22,355					\$24,384
DP 2101 - Federal Spending Adjustment	0.00	0	0	0	0.00	0	0	0	0
DP 2102 - Annualize Funding	0.00	51,082	0	(51,082)	0.00	51,503	0	(51,503)	0
DP 2103 - DES Eliminate Benefits And Claims Funding	0.00	(602)	0	(8,333)	0.00	(602)	0	(8,333)	(8,935)
DP 2104 - Out of State Travel Reduction	0.00	(7,240)	3,056	(7,241)	0.00	(7,240)	3,056	(7,241)	(11,425)
DP 2106 - DES Increase Federal Pass Through to Counties	0.00	0	0	158,235	0.00	0	0	160,396	160,396
DP 2107 - Server Replacement	0.00	0	0	0	0.00	12,679	0	4,651	17,330
DP 2108 - DES Change From Motor Pool Lease Program	0.00	0	0	0	0.00	0	0	0	0
Total Other Present Law Adjustments				\$137,875					\$157,366
Grand Total All Present Law Adjustments				\$160,230					\$181,750

Executive Present Law Adjustments

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DP 2101 - Federal Spending Adjustment - The executive proposes an adjustment to replace grant funding spent on operating expenses during the base year. This adjustment moves the authority back to grants to fund pass through funds to counties. This adjustment also aligns the division budget with current operation.

DP 2102 - Annualize Funding - The executive proposes to increase general fund and decrease federal authority to annualize funding within the division. This proposal would adjust base year expenses for a full year of funding at the current 50/50 federal/general fund split.

LFD COMMENT On October 1, 1999 the Federal Emergency Management Agency required a 50/50 cost share for all programs funded under the Emergency Management Assistance Program. The 1999 legislature approved an increase in general fund to accommodate this change. Base year expenditures include funding for the 50 percent state match for three quarters of the fiscal year only. This request would allow DES to operate at current levels during fiscal 2002 and fiscal 2003.

DP 2103 - DES Eliminate Benefits And Claims Funding - This adjustment eliminates one-time-only expenditures for back pay to an employee.

DP 2104 - Out of State Travel Reduction - The executive proposes a decrease in the division's out-of-state travel funding, and brings expenditures back to a five-year average.

DP 2106 - DES Increase Federal Pass Through to Counties - The executive requests an increase in federal spending

authority in the Emergency Management Performance Grant, resulting from an increase in federal funding. This funding would be passed through to county governments to help fund the emergency management programs in each county. The executive proposes that this appropriation be restricted to pass-through grants only.

DP 2107 - Server Replacement - The executive requests additional funding to replace the existing server in fiscal 2003. The existing server will be five years old when replaced.

**LFD
ISSUE**

If the legislature wishes to appropriate funding for the replacement server without increasing base-level authority, the appropriation should be designated one-time-only.

DP 2108 - DES Change From Motor Pool Lease Program - The executive proposes to move funding from one object category to another. The State Motor Pool Vehicle Lease Program supported the Disaster and Emergency Service Division's six District Field Representatives with mid-size cars. After making cost comparisons, the division proposes the lease of six full-size pickup trucks from the federal General Services Administration at a cost comparable to that of leasing six mid-size cars.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				Total Funds
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	
DP 2105 - DES Terrorism/Weapons of Mass Destruct 21	1.00	0	0	631,055	631,055	1.00	0	0	189,055	189,055
Total	1.00	\$0	\$0	\$631,055	\$631,055	1.00	\$0	\$0	\$189,055	\$189,055

New Proposals

DP 2105 - DES Terrorism/Weapons of Mass Destruct - The executive requests authority to support implementation of a Terrorism/Weapons of Mass Destruction Program. The proposal would establish 1.00 FTE as well as pass-through grants for local government programs. Duties assigned to the new position would include coordination and preparation of a risk assessment and five-year strategic plan for terrorism, accomplished in cooperation with the Montana National Guard and the departments of Justice, Public Health and Human Services, Livestock, and Environmental Quality. The program goal would be to better prepare Montana such that the state becomes less vulnerable to terrorism, weapons of mass destruction, and school violence.

**LFD
ISSUE**

Per the agency, federal funding is projected for at least three years. If the legislature wishes to approve this program only in the event of federal funding, language should be inserted eliminating the FTE and division-level program at such time as federal funding is terminated.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Exec. Budget Fiscal 02-03
FTE	19.30	0.20	0.00	19.50	0.20	0.00	19.50	19.50
Personal Services	624,467	26,433	0	650,900	30,707	0	655,174	1,306,074
Operating Expenses	103,718	110,407	0	214,125	97,023	0	200,741	414,866
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$728,185	\$136,840	\$0	\$865,025	\$127,730	\$0	\$855,915	\$1,720,940
General Fund	666,918	48,107	0	715,025	38,997	0	705,915	1,420,940
State/Other Special	61,267	88,733	0	150,000	88,733	0	150,000	300,000
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$728,185	\$136,840	\$0	\$865,025	\$127,730	\$0	\$855,915	\$1,720,940

Program Description

The Veterans' Affairs Division assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information relative to veterans' benefits. The program also administers the veterans' cemeteries located at Fort Harrison in Helena, and in Miles City. The Board of Veterans' Affairs is administratively attached to the Department of Military Affairs, and operates under a state mandate. The division operates in accordance with Title 2, Chapter 15, Part 12; and Title 10, Chapter 2, MCA.

Funding

The Veterans' Affairs Division is funded with general fund for all functions except cemetery operations. Veterans' cemetery operations are fully funded by state special revenue funds from donations, veteran license plate fees, and cemetery plot allowances. In fiscal 1998, veteran license plate fee revenues generated the largest portion of the state special revenue funding.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				39,203					43,589
Vacancy Savings				(17,786)					(17,917)
Inflation/Deflation				853					1,372
Fixed Costs				6,315					7,491
Total Statewide Present Law Adjustments				\$28,585					\$34,535
DP 3101 - VA Increase Part Time FTE to Full Time	0.20	5,016	0	5,016	0.20	5,035	0	0	5,035
DP 3102 - MT State Veterans' Cemetery	0.00	0	13,438	13,438	0.00	0	13,160	0	13,160
DP 3103 - Eastern MT Veterans' Cemetery	0.00	0	75,000	75,000	0.00	0	75,000	0	75,000
DP 3104 - Veterans Affairs Replacement Computers	0.00	14,801	0	14,801	0.00	0	0	0	0
Total Other Present Law Adjustments	0.20	\$19,817	\$88,438	\$108,255	0.20	\$5,035	\$88,160	\$0	\$93,195
Grand Total All Present Law Adjustments				\$136,840					\$127,730

Executive Present Law Adjustments

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DP 3101 - VA Increase Part Time FTE to Full Time - The executive requests additional state special revenue authority to increase an existing .80 FTE to a 1.00 FTE at the Missoula Veterans' Affairs Office.

**LFD
COMMENT**

The .80 FTE is a result of the division's voluntary reduction to fund a past shortfall. This proposal restores the position to the original 1.00 FTE.

DP 3102 - MT State Veterans' Cemetery - The executive requests additional state spending authority of up to \$75,000 to operate, maintain, and administer the Montana State Veterans' Cemetery at Fort Harrison.

DP 3103 - Eastern MT Veterans' Cemetery - The executive requests state spending authority of up to \$75,000 to operate, maintain, and administer the Eastern Montana Veterans' Cemetery located at Miles City.

**LFD
COMMENT**

Of the \$75,000 requested for each cemetery, \$55,000 is requested for operations and maintenance, \$10,000 for expenditure of plot allowances, and \$10,000 to allow the expenditure of donations.

DP 3104 - Veterans Affairs Replacement Computers - The executive requests additional general fund to purchase replacement office equipment and computers. The proposal would replace office copiers in the two Montana Veterans' Affairs Division offices located in Great Falls and Bozeman, as well as four computers each year of the biennium, in accordance with their four-year replacement plan.

**LFD
ISSUE**

If the legislature wishes to appropriate funding for copiers for this biennium only, then \$4,000 of the fiscal 2002 appropriation should be designated as one-time-only.